

**CAPITAL PROJECTS ADVISORY REVIEW BOARD
PROJECT REVIEW COMMITTEE**

**Northwest Carpenters Facility
25120 Pacific Highway South
Kent, Washington
February 26, 2009
9:00 AM**

Minutes

MEMBERS PRESENT

Charles Davis, Evergreen Healthcare
Dave Marberg, University of Washington (UW)
Eric Smith, Chair, UW
Christy Trautman, King County
Penny Koal, General Administration (GA)
Jonathan Hartung, SHKS Architects
Peg Staeheli, SvR Design Company
Tom Peterson, Hoffman Construction Co. of WA
Linneth Riley-Hall, City of Seattle

Phil Lovell, Vice Chair, Turner Construction NW
Mike Shinn, Shinn Mechanical
Darron Pease, Pease & Sons, Inc.
Paul Berry, Harris & Associates
Darlene Septelka, Landon Construction Group
Miriam Israel Moses, Rebound
Don Gillmore, Seattle Public Schools
Juan Huey Ray, Office of Minority and Women's
Business Enterprises (OWMBE)

MEMBERS ABSENT

Frank Abart, Whatcom County
Rick Benner, Western Washington University (WWU)
Keith Schreiber, AIA, Schreiber Starling & Lane Architects
Rodger Benson, MA Mortenson Company
Gary Arndt, P.E., Parametrix
Fred Tharp, Washington State Department of Transportation
(WSDOT)

Tony Benjamin, Urban League of Metro Seattle
Gary Baldasari, AIA
Tom Balbo, Ferguson Construction, Inc.
Mark Scoccolo, SCI Infrastructure LLC
Dan Chandler, PE, AIA, Olympic Associates Co.

STAFF, GUESTS, PRESENTERS

Robyn Hofstad, GA
Cheri Lindgren, Puget Sound Meeting Services
Michael Bobis, Urban League of Metro Seattle
Jim Parvey, PE, Asst. Public Works Director/City Engineer,
City of Tacoma
Rick Melvin, DBIA, Project Manager, City of Tacoma
Charlie Solverson, PE, Project Manager, City of Tacoma
Sue O'Neill, PMP, Asst. Division Manager, City of Tacoma

Tom Rutherford, PE, Project Mgr, City of Tacoma
Eric Johnson, PE, Project Manager, City of Tacoma
Robynne Parkinson, Esq., DBIA
Court Olson, Olympic Associates Co.
Nicole Brown, Olympic Associates Co.
Terry Peterson, Mason County PUD #3
Annette Creekbaum, Mason County PUD #3

Welcome & Introductions

Chair Eric Smith called the Capital Projects Advisory Review Board (CPARB) Project Review Committee (PRC) meeting to order at 9:28 a.m.

Chair Smith advised that the City of Tacoma is providing a general presentation for both certification applications. The applicant will then focus on General Contractor Construction Manager (GC/CM) and Design Build (DB) specifics. The PRC will consider and vote on each application separately.

Chair Smith welcomed new member Don Gillmore representing school districts. Everyone present provided self-introductions.

Approve Agenda

Chair Smith reported additional time will be allocated for questions and answers for certification applications.

Tom Peterson moved, seconded by Penny Koal, to approve the agenda as modified. Motion carried.

Approve January 22, 2009 Meeting Minutes

Paul Berry moved, seconded by Miriam Israel Moses, to approve the January 22, 2009 meeting minutes as presented. Motion carried.

Public Comments

There were no public comments.

Mr. Huey Ray arrived.

Certification Application Review for GC/CM – City of Tacoma

Chair Smith described certification application review procedures. Everyone present provided self-introductions.

Jim Parvey, PE, Assistant Public Works Director/City Engineer, City of Tacoma, introduced the project team. He reviewed each team member's experience with alternate delivery methods.

Rick Melvin, Project Manager for special projects, reported the City has approximately 10 employees with direct GC/CM experience. Mr. Solverson was the project manager for the Tacoma Convention Center. Tacoma has project and construction managers and other staff with alternative contracting experience as outlined in the application. The Public Works Department, representing 900 employees, manages an annual capital program of \$120 million. Occasionally, the City engages consultants for specialized expertise. Mr. Melvin introduced Robynne Parkinson. A slide outlining the management plan for GC/CM was presented.

The City has been involved in major complex projects for the last 50 years. Mr. Melvin reviewed projects completed during the last six years including the Cheney Stadium remodel. The projects were delivered on time and within budget. The 2009-2014 Capital Facilities Plan (CFP) contains 400 projects totaling \$1.7 billion. Several of the projects are suitable for GC/CM and/or DB delivery models.

A slide showing how the City has the ability to meet Revised Code of Washington (RCW) 39.10 requirements was displayed. The Public Works Department has incurred no project audit findings for the last 10 years.

Charlie Solverson, PE, reviewed project information on the Greater Tacoma Convention Center project. Facility components were outlined. Following an extensive review, the GC/CM alternative public works (APW) methodology was selected to deliver the project based on the project complexity, an ability to provide unique solutions matching budget to desired scope, and a tight timeline with conventions scheduled in advance

of project completion. The scope consisted of redeveloping four square-blocks in downtown Tacoma with 240,000 square feet of convention center and 500 new parking spaces. The project was completed in 2004.

Two site plan drawings were presented of the project site prior to construction and of the convention center project. The challenge was providing adequate hotel space within walking distance of the convention, which is critical. A photo of the convention center property was presented. Mr. Solverson highlighted where the hotel is located. He outlined project coordination with a number of surrounding projects occurring concurrently, including the Tacoma Art Museum. The Tollefson Plaza was designed to have a relationship with the art museum. The light rail system traverses through the site. The historic Waddell Building was restored. It was important to have the GC/CM on board early in the design process. Other project complexities, including historic elements, were highlighted. It was noted that 98% of the demolition material was recycled.

Slides showcasing concurrent building activities during convention center construction and exhibit hall, stairwell and projection box, pre-function area, and ballrooms were provided. Benefits of the GC/CM process were reviewed.

Mr. Solverson outlined lessons learned. It's important to create an environment of partnering with the client, design team, and contractors early in the process, as well as, paying attention to market influences and the owner's schedule, providing adequate contingencies, and establishing quality control and assurance through both design and construction.

Tom Rutherford, PE, Project Manager, reviewed upcoming GC/CM project candidates including the Murray Morgan Bridge rehabilitation project. The bridge was built in 1913 and spans the Thea Foss Waterway. The state closed the bridge to vehicle traffic in 2007. It's an important facility to the City. Work includes upgrading the structure and its mechanical and electrical systems. It involves complex scheduling and environmental constraints. The bridge condition is hard to define and there is a risk of unforeseen conditions. It's an historical structure requiring specialized work.

Mr. Lovell said it appears the City Engineer is not involved in the decision matrix for GC/CM and DB. Mr. Peavey clarified that he is both the Assistant Public Works Director and City Engineer for Tacoma. Mr. Lovell asked about the approval authority for a major change order. Mr. Peavey said if the change order is within the project budget and/or contingency, a decision is made at the assistant director level with confirmation by the Public Works Director. Change orders outside the project contingency require approval by the City Council.

Mr. Marberg asked why the City is seeking certification rather than seeking project application approval on a case-by-case basis. A team representative explained that there are other projects on the horizon. Entities receiving economic stimulus funds must be able to respond quickly. Certification gives the City the flexibility to respond to projects that could emerge within the next three years.

Mr. Berry asked the team to describe its understanding of how GC/CM rules have changed since the Greater Tacoma Convention Center project. Mr. Melvin said changes to the legislation include clarification on bid packages and procedures to evaluate subcontractor bids.

Ms. Septelka reported one change for owners is setting the maximum allowable construction cost (MACC). Mr. Melvin said he understands the owner can't set the MACC until construction documents (CDs) are at 90%. Ms. Septelka asked how that fits with the owner's evaluation to use GC/CM or DB. Mr. Solverson replied that under predevelopment services, the City could reserve the right to revert to Design Bid Build (DBB) if it's unable to negotiate the MACC. A benefit of GC/CM is that the owner controls the design. Typically, there is no problem with establishing the MACC at 90% when a good cost model is established early in the project.

Ms. Septelka asked how not establishing the MACC early affects the City's decision-making. Mr. Solverson responded that the MACC is critical to manage risk. It's important to bring the design team in early with the contractor to collaboratively determine the MACC.

Discussion ensued on the Murray Morgan Bridge rehabilitation project, specifically the fixed cost contingency and the owner's contingency under the new legislation because of unknown conditions. Mr. Parvey said he's not sure he has an answer. Studies have been conducted. The biggest contingency concerns the structure under the water. Initial inspections indicate elements below the waterline appear to be in good shape.

Mr. Gillmore asked about the budget for the convention center and the fixed cost contingency. Mr. Solverson said the owner typically carries a 5% contingency. However, that varied through the course of the project. The overall cost of the GC/CM contract was \$62 million. The overall project cost was \$102 million including the property. The City had an owner contingency and the GC/CM carried a contingency through the costing process. The fixed cost for the convention center was 5%.

Ms. Moses commented that the owner has not completed GC/CM or DB projects under the new legislation. She asked the team to elaborate further on the reason for not seeking individual project approvals so the PRC could evaluate how the projects will be managed. Mr. Parvey said the City doesn't have many GC/CM or DB projects meeting the threshold. Tacoma has a strong process when selecting consultants to assist the City.

Robynne Parkinson, counsel for the City of Tacoma, reported she was involved when the law was revised. Although the law has changed, the City of Tacoma is an owner with the sophistication, ability, complexity, and robustness in construction management to determine whether a project is appropriate for the GC/CM or DB delivery models.

Ms. Moses said she doesn't know whether the City knows what's necessary to successfully deliver a GC/CM or DB project. Ms. Parkinson said the types of projects allowed under GC/CM and DB have not substantially changed. The ability to make that determination existed with the City prior to July 2007. Tacoma has completed a GC/CM project within the timeframe specified in the statute.

Ms. Septelka said one concern is the owner's response of reviewing the revised statute only recently. The PRC is evaluating the team's understanding of current law. She commented on the need to understand the City's confidence in understanding the changes within the statute and explaining how the City is addressing those changes. Ms. Parkinson responded that she is very familiar with both GC/CM and DB projects. She assured members that she and the City have reviewed the requirements for both GC/CM and DB. Team members are familiar with the law and have hired expertise to assist them in the efforts.

Mr. Hartung asked whether the City was previously certified as an agency. Mr. Parkinson said Tacoma was a previously authorized entity under the old statute. Mr. Hartung said the City is appearing before the PRC for a three-year certification.

Ms. Riley-Hall asked about the controls the owner has in place to ensure the process meets RCW requirements. Mr. Peavey reported Tacoma has legal counsel in-house and a consultant. Legal counsel will assist staff to ensure the owner is meeting legal criteria and conditions. The City will hold ongoing project meetings and brief upper management and the City Council on the status of the project. Mr. Solverson provided additional details on governance of the owner's team, and the City's vigorous reporting structure in terms of accountability at both ground and policy levels.

Ms. Staeheli asked the team to address Leadership in Environmental and Energy Design (LEED) and sustainability within the depth of the organization, as it's important when advertising for the GC/CM contractor. Mr. Parvey reported Tacoma is establishing an office of sustainability providing oversight on sustainable issues and carbon footprint. He anticipates the office will be staffed prior to the City receiving any economic stimulus funding. He is a LEED accredited professional. Tacoma is breaking ground on a LEED Platinum building over the Foss Waterway. The Murray Morgan Bridge rehabilitation project will provide an opportunity to recycle and reuse materials.

In response to a question from Chair Smith on the approach the City will undertake for the GC/CM selection process, including criteria and factors for the Murray Morgan Bridge rehabilitation project, Mr. Peavey advised that the City has not defined the process. Mr. Solverson said the timing to bring a GC/CM on varies depending on the project. He described the process used for the convention center, including the need for innovative solutions to complete the design work.

Mr. Davis commented that the owner has demonstrated its knowledge of the GC/CM process and how it might select appropriate projects. He asked what types of projects still make sense for the DBB delivery. Mr. Peavey said those projects typically include most transportation projects, arterial work, and utility replacements.

Discussion ensued on how the City encourages or invites participation by women and minority businesses in design and construction. Mr. Peavey outlined Tacoma's underutilized business program and local employment and apprenticeship programs for the construction component. On call contracts are used to manage the design work. The City works with the small business incubator to reach out to women and minority businesses. Mr. Melvin added that a goal is set prior to releasing a bid and advertising for an award. Extra credit (10% based on participation) is given to requests for proposals (RFPs) to encourage employment of underutilized businesses and local employers. Mr. Solverson said the availability of contractors vary depending on the package.

In response to additional questions from the PRC, the team elaborated on how the City handles estimating projects during pre-construction and design. Nine team members have attended the GC/CM training hosted by the Associated General Contractors (AGC) of Washington.

Mr. Melvin said the City meets the statutory requirements and staff is experienced with the GC/CM model.

Additional input included:

- The applicant has completed one GC/CM project successfully in the last five years. Individuals involved with the project are still with the City. The team has a good handle on capital projects and its needs in the future and envisions the GC/CM alternative as a tool to complete some of those projects. It was suggested the City evaluate the risks and changes in the current statute to identify opportunities and limitations that might vary from when Tacoma completed the convention center project.
- The application itself did not provide sufficient information to determine whether the owner is qualified. The question and answer session helped to address those gaps.
- The owner is clearly experienced; however, members had to "draw out" how the City intends to administer the process during the question and answer session.
- The owner should establish a clear written procedures guideline for the City because certification, if approved, is extended to the City of Tacoma as a whole. There are private companies that have developed internal procedures and checklists. Create a handbook for project managers before releasing the RFP.

- The question and answer portion of the review was excellent and helped to identify the City's capabilities. The application pointed out the owner is serious about tracking and reporting, which is important. It's critical from the construction side that the project team has GC/CM experience.
- Members ask tough questions to protect the future of APW deliveries. The owner has met the intent of the statute.
- The owner needs to be invested and interested in working with the GC/CM, particularly if the contractor decides to release early bid packages.

There were no public comments.

Miriam Israel Moses moved, seconded by Paul Berry, to approve the City of Tacoma's certification application for GC/CM. Motion carried unanimously.

Chair Smith recessed the meeting from 11:06 a.m. to 11:13 a.m.

Certification Application Review for DB – City of Tacoma

Mr. Peavey introduced Eric Johnson, PE, Project Manager for the DB process.

Mr. Rutherford reported the City also completed the Union Station rehabilitation project in 1990 using the DB methodology.

Mr. Johnson reported the City is interested in utilizing DB for its central wastewater treatment plant upgrade and expansion project. He outlined project complexities. The facility must be operational throughout the project. Additional information can be found on the City's project website, www.govme.org/ctp. The City considered the delivery method decision for the treatment plant upgrade and expansion very seriously.

DB delivery method goals were highlighted and include ensuring a high quality project, design and construction ingenuity, minimal change orders, a single point of responsibility, and maintaining the schedule. The City researched and gleaned experience from other entities utilizing APW to deliver similar projects. Staff used the information to create a baseline for Tacoma's contract documents.

Information associated with the \$102 million project was reviewed. A slide outlining potential project risks and complexity was provided. Treatment performance is an issue. There are unknowns related to geotechnical and hazardous materials. The treatment facility was built in the 1950s. Two major upgrades were completed in the 1960s and 1970s. Regulatory approvals are required from the Department of Ecology (DOE) and other agencies. Pictures showing mechanical, specialized electrical, and structural concrete work were presented. Mr. Johnson reviewed lessons learned during the procurement and construction processes during the treatment facility upgrades. He summarized some of the lessons learned:

- Assemble appropriate owner team
- Complete a draft RFP with input from prospective proposers
- Provide the design builder with incentives to retain key people throughout the process
- There is no "perfect" delivery method
- Facilitate partnering sessions
- Establish clear expectations in terms of the performance elements of the contract
- Be prepared to make quick decisions
- Extensive coordination with owner maintenance and operations staff is well worth the effort
- Advance coordination with permitting and regulatory agencies

Mr. Melvin advised that a candidate for the DB process is upgrading the electronic systems at Cheney Stadium. The ultimate goal is replacing the 60-year old facility. Efforts are underway to secure the necessary funding. A challenge is scheduling constraints. The project would benefit from contractor innovation. Budget limitations and grants favor the fixed budget/best design approach.

Mr. Berry left the meeting.

Mr. Lovell asked whether there is a conflict between two statements contained in the application pertaining to whether the City is willing to relinquish control over design details and that DB can be an extremely effective way to ensure that all project stakeholders are involved with the coordinated design/construction process. Mr. Peavey spoke about establishing a balance between letting the design builder go through with what they think needs to be done and ensuring the City is satisfied with the outcome. There was some tension with the treatment facility upgrade project. Mr. Johnson acknowledged there was a conflict. It's difficult to relinquish all design details and still have input from operations and maintenance staff. The City established a shared working relationship with the design builder on the previous upgrades.

In response to questions from Chair Smith, Mr. Johnson advised that Tacoma offered a \$100,000 honorarium to bidders submitting proposals that were not selected. The City determined the amount after speaking to the DBIA and other owners across the country.

Mr. Shinn asked how the City dealt with material escalation and how the contractor was compensated. Mr. Johnson said the contract provided no relief for material cost escalation, which was fairly common at that time. Cost escalation became a problem after Hurricane Katrina. The City and the design builder negotiated a fair settlement for escalation occurring during that time.

Ms. Parkinson said a material escalation clause will be added to the DBIA national documents, which is a new aspect based on issues emerging in 2005.

Mr. Shinn asked about in-house operations involved with the treatment plant rehab project. Mr. Johnson said operations were involved from the beginning before design work began.

Discussion ensued on the reasons for the difference between the initial \$86 million Design Build contract and final construction costs of \$102 million to include staff, consultants, and contingencies for the wastewater treatment plant project, and a \$2.5 million owner proposed change involving added scope.

Mr. Peterson asked the owner to elaborate on why the DB methodology is appropriate for the Cheney Stadium project. Mr. Melvin said that aside from funding, there are scheduling constraints and opportunities for innovation related to replacing the superstructure and the team's play scheduled. Financial aspects to the team and the City are significant.

Discussion followed on how the City plans to outreach the community and public in terms of presentation, and interaction between Tacoma and the design build partner. Mr. Peavey reported the City's communications office will coordinate public outreach. The design builder will provide schedule and technical information and attend presentations if appropriate. Tacoma does not typically rely on the design builder for the public outreach process.

Mr. Huey Ray asked how the owner will ensure there are opportunities moving forward for minority and women business participation. Mr. Melvin emphasized that the City is proactive in involving HUD

contractors. Proposers are provided extra credit. Mr. Peavey referred to engaging staff to design a process. Mr. Johnson described the partnered approach used for the wastewater treatment plant consisting of advertised outreach sessions and developing packages attractive for minority and women businesses. A 16% goal was established. However, a 12% goal was attained. It's been a challenge for the design builder and the City to find people with the required skill sets needed for heavy instrumentation, electrical, and mechanical work.

Members provided the following feedback:

- The owner was commended for active participation in the DBIA and design build arena. The treatment plant is an excellent example of a successful project. Mr. Johnson did a tremendous job managing the delivery involving many experts and with operations and maintenance personnel seeking to dictate design.
- Impressed with and appreciated the lessons learned part of the presentation, as well as with solutions for future projects.
- The safeguards were in place for the wastewater treatment plant project. The ability to access information from the website was beneficial.
- Mr. Johnson's experience and insight will help the owner team. The City should utilize his experience to train other staff.
- The owner was encouraged to work with OWMBE to utilize women and minority firms and to meet established goals.

There were no public comments.

Miriam Israel Moses moved, seconded by Penny Koal, to approve the City of Tacoma's certification application for DB. Motion carried unanimously.

Prior to his departure, Mr. Berry conveyed to Chair Smith that he would support the request.

Chair Smith recessed the meeting from 12:03 p.m. to 1:03 p.m. for a lunch break.

A quorum of the PRC is no longer present. A panel was convened.

Project Application Review for GC/CM – Mason County PUD #3

(Panel Chair Darlene Septelka, panel members Tom Peterson, Chuck Davis, Miriam Israel Moses, Christy Trautman, and Juan Huey-Ray.) Panel members provided self-introductions. Panel Chair Septelka described the project application review process.

Court Olson, Olympic Associates Company (OAC), introduced team members Terry Peterson, Engineering Manager for Mason County PUD #3, Annette Creekbaum, Finance Director for the PUD, and Nicole Brown also with OAC.

Ms. Creekbaum reviewed the project's history. A map of existing 50-year old facilities in Shelton was presented. Various functions involving administration, engineering, operations, vehicle storage, shops, and material warehouse were identified on the map. The goal is developing a 13.4-acre property on Johns Prairie Road where all functions are centrally located on one site. The utility district purchased the parcels in 2001.

Mr. Olson said it's anticipated the Commission will approve the initial project scope at its March 3, 2009 meeting. A substantial amount of the concept site development work is completed. The architect will submit a final site campus plan report next week.

A conceptual site plan showing the location of facility components was reviewed. The intent is producing an energy generating facility using photovoltaic roof panels.

Mr. Peterson reviewed the project team structure. Wyla Wood is the General Manager for the PUD and will serve as the liaison between the Board of Commissioners and the owner's team. One of his roles is facilitating communications among the entire project team. Mr. Olson is the project manager and will assist the PUD with the GC/CM process.

Mr. Olson said OAC is experienced with the GC/CM methodology under the new statute.

Ms. Brown reported OAC has recently hired a project manager to assist her and Mr. Olson, as well as a project coordinator. She reviewed the company's GC/CM project experience. The Kenmore City Hall project started out as a GC/CM project but was terminated prior to negotiation of the guaranteed maximum price (GMP). Some of the project complexities changed and it became a better candidate for a hard bid. Another project manager was hired to oversee the Kenmore City Hall project. A separate senior project manager in Spokane is managing the Nine Mile Falls Elementary School project. The GC/CM was hired for the Capitol Theater Expansion project in Yakima. She indicated she is managing both that project and the Fort Vancouver Regional Library project.

Mr. Olson provided a slide of the Washington PUD Association Headquarters building in Olympia. Leadership in Energy and Environmental Design (LEED) technologies were incorporated within the project.

Mr. Olson reviewed why the GC/CM contracting procedure is appropriate for the proposed project. Primary motivations include:

- The project involves complex scheduling and phased bid packages.
- The venture involves unusual high-energy efficiency technologies. It's critical that technologies are incorporated in the bid packages. Having a GC/CM on board to facilitate that aspect will be beneficial.

The budget totals approximately \$35 million and does not include renewable energy project features for which funding is being sought from the stimulus package. Schematic design has not been initiated. Some of the budget numbers could change depending upon final authorization. Development of a site design bid package is anticipated prior to the end of summer. Bid packages for structures and photovoltaic panels for covered storage are dependent upon the funding schemes. The owner is currently carrying a 7% construction contingency in the construction budget and 10% for professional contingencies.

Mr. Olson provided a schedule overview that includes selection of the GC/CM in April if the application is approved by the PRC.

Ms. Creekbaum reviewed funding components consisting of bond funds and partial stimulus funding to support the project.

Mr. Olson pointed out that the owner wants to bring the GC/CM on board by the end of the schematic design phase.

Mr. Davis asked the owner to describe the fiscal benefit and why Design Bid Build is not practical for the project. Mr. Olson referred to the schedule and retracted decision-making with funding. Scope options will be

developed as the design evolves. The PUD is attempting to keep the scope and bid packages flexible while at the same time gauging the market. The GC/CM can assist the owner with that aspect. He reiterated the primary motivations as outlined above. The complex scope and nature of the project is primarily driving the decision to use the GC/CM delivery model. He expressed concerns with the bid market. It is intended to pre-qualify the subcontractors in most of the bid packages as an extra precaution. It's possible a good percentage of the subcontracting community could go bankrupt in the next two years.

In response to a question from Mr. Peterson, Mr. Olson confirmed Ms. Brown will be involved with the project in an advisory capacity.

Discussion followed on Mr. Olson's experience with the Trace Lofts and 12th & Madison private projects, drafting a full partnership plan once the GC/CM is hired, and governance structure of the project. Mr. Olson noted that lines of authority will follow the contracts. The GC/CM will develop specific meeting note techniques.

Mr. Peterson asked if the deliverables are spelled out for the GC/CM. Mr. Olson advised that the Request for Qualifications (RFQ) and proposals (RFP) will stipulate how the owner expects the contractor to manage the contract. A copy of the owner's form will be provided.

Ms. Moses asked how the project meets the criteria for a GC/CM project and whether the PUD is selecting the APW model based on potential stimulus funding. The utility intends to impose a rate increase to avoid debt service. She expressed concerns with Mr. Olson's GC/CM experience, which is focused in the private sector. The OAC project experience table does not note which projects are GC/CM. Mr. Olson responded that a funding decision will be determined by the Commission next week. The uncertainty of stimulus money and its timing adds to the complexity of the project. The project scope needs to remain flexible. The criteria in the statute state the applicant must meet "one of the following." He said he outlined why the GC/CM contracting procedure is appropriate for the proposed project. The first is a fast tracked phased project with some complexity. The second reason involves the unusual high-energy efficiency technologies.

Ms. Moses questioned the need to fast track the project because the PUD can remain in its current facilities while the new site is under development. Mr. Olson replied that the owner wants to take advantage of the current bidding climate and wants to move into a new facility and fund it as quickly as possible. He said he chaired the City of Bellevue's technical advisory committee when scoping the new city hall project and participated in the GC/CM selection process. Bellevue asked him to come back to advise the owner, which he did. However, the City of Bellevue decided not to take his advice resulting in a 10% cost overrun and legal disputes. Ms. Brown and Mr. Chandler both bring considerable GC/CM expertise to the PUD project.

Panel Chair Septelka asked how much time Mr. Olson can devote to the project and time spent on other projects. Mr. Olson said he's managed construction projects for 29 years and is familiar with the level of commitment needed for a successful project. The venture does not require a full-time project manager. Approximately 60% to 80% of his time will be needed during construction. Ms. Brown, another project manager, or an administrative assistant can also provide additional support as needed.

Panel Chair Septelka asked how much of Mr. Olson's time is allotted to the Olympia city hall project. Mr. Olson advised that it will be as needed. The City of Olympia has a full time project manager on staff.

There were no public comments.

Additional feedback offered by panel members includes:

- The owner has demonstrated the project meets the requirements of the statute.
- One concern is Mr. Olson's availability for the project, as well as the funding. Perhaps DBB is the appropriate delivery method.
- Not convinced that the project is appropriate for GC/CM. Funding constraints does lend some complexity to the project as well as initiating the project in phases. OAC has other staff available to assist Mr. Olson. The firm's GC/CM experience is a strength.
- Another concern is the number of other GC/CM projects OAC staff is currently managing. An administrative assistant with no GC/CM experience is a concern.
- Because a project is being done in complex phases doesn't necessarily justify the use of GC/CM. Not inclined to approve the project based on the presentation and answers to the questions.
- There is an advantage in terms of the phased construction strategy. Having a GC/CM on board to manage that aspect does provide a fiscal benefit.
- Not every project is appropriate for DBB. The owner has met the burden of the law.

Members discussed criteria outlined in the statute. Mr. Davis circulated a document included within the PRC orientation packet. It is incumbent for an agency to proceed as soon as possible based on the current bid climate.

Ms. Moses reminded panel members that "or" in the statute criteria was removed. It is not a question of whether a public agency meets criteria 1, *or* 2, *or* 3.

Tom Peterson moved, seconded by Chuck Davis, to approve Mason County PUD #3 project application for GC/CM. Motion failed. Two in favor, 4 opposed.

Ms. Septelka encouraged the owner to consider input offered by the panel and resubmit the application.

Application Review Post Mortem

Mr. Davis commented that the panel did its work and differences of opinion are valuable to the process.

Chair Smith commented it is the first time members expressed a difference of opinion in interpreting the statute.

Mr. Davis said he was referring to materials in his binder, which informed his decision. The statute says the public agency must meet one of the following.

Chair Smith indicated he'll follow up and ensure the committee has the most recent statute. The interpretation should be clear. There shouldn't be disagreement among panel or PRC members.

Members reiterated that some of their concerns were already shared during their discussions of the Mason County PUD #3 project application.

Ms. Koal said funding is worrisome because it's not secured. The GC/CM method could help with budget and decision-making, which the owner did not recognize.

Ms. Septelka and Mr. Huey Ray expressed concerns for hiring administrative assistants to help manage construction projects.

Chair Smith stressed the importance of panels rendering consistent decisions. Other public agencies have not met all five of the criteria and their applications were approved. According to his interpretation, an agency is required to meet one criterion, which has been the basis for prior panel decisions.

Members indicated they would likely have voted the same way based on other concerns such as staff support and funding.

It was suggested that the PRC review the statute as a group at a future meeting.

Adjournment

With there being no further business, Chair Smith adjourned the meeting at 2:13 p.m.

Prepared by Cheri Lindgren, Recording Secretary
Puget Sound Meeting Services